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sciences to modify their decisions in the full light of today rather than remain in the twilight of the period when corporations were few and small and our problems of a wage-earning group did not exist. The author discusses plans of social insurance involving taxation; strangely enough he does not discuss that social insurance which does not call for taxation but is simply made obligatory on workmen and employers. It is the latter form of social insurance which is of chief interest. Germany makes insurance obligatory, but only a small part of one kind of insurance, the subsidies to old-age pensions, rests on taxation.

The leaders of social reform will find in the pages of this master of administrative law encouragement and wise guidance.

C. R. HENDERSON

Insurance, Science, and Economics. By FREDERICK L. HOFFMAN.
New York: The Spectator Co., 1911. Pp. 366. \$3.00.

The author is statistician of a great insurance company and recognized by statisticians and actuaries as a learned, accurate, and reliable expert. His book is an able argument for federal control of the insurance business, as a substitute for the present chaotic condition brought about by the attempt to secure control by the separate and contradictory action of all the states. The argument is, for the most part, intelligible to laymen and is convincing. Each chapter is crowded with historical evidence that insurance is an essential factor in commerce. Incidentally the author brings out from a vast mass of hitherto unexplored sources the elements of his demonstration. To prove that federal control is easy, sure, and economical the German system of judicial and administrative supervision and control is described. At the end of each division is a bibliography which for a century to come will make all students of insurance, debtors to the erudite compiler.

The conclusion may here be restated:

The conclusion that insurance is an element of commerce or an instrumentality thereof is fundamental to all efforts to broaden the scope of insurance law and legislation by making the interstate transactions of American insurance companies subject to federal supervision and control. . . . It is true that the United States Supreme Court has repeatedly held that insurance *policies* are not transactions in commerce, but the cases which have come before the court have never involved the momentous issue of declaring an act of Congress providing for federal regulation of insurance companies transacting an interstate business null and void.

The Supreme Court has shown a willingness to reverse or modify former decisions when there is adequate proof that the physical, economic, and moral interests of the nation demand such reversal. This book might serve as a brief for a reconsideration of the former decisions.

Closely related to federal supervision is the question of excessive taxation of premium receipts of insurance companies and other sources of income. The author seems to make plain that if the present ideas of taxation prevail for some time the insurance companies will be unable to meet the claims of the policy-holders—a national calamity. No other country taxes insurance at the rate known in some states of the Union. Materials for a sound judgment in this vital question are furnished in abundance.

Mr. Hoffman is not an advocate of compulsory social insurance for workingmen (p. 71), and many of us think his treatment of this subject is rather “stepmotherly.” But (on p. 285) he states the fundamental reason for social insurance in admirably clear fashion. He says that life insurance is the

only effective method of combining the value of systematic savings with the benefits resulting from the principle of association through which adequate protection is secured against inevitable losses which would otherwise fall heavily upon the individual and the state. The insured population, as a class, represent, therefore, a much more worthy and socially effective body of citizens than the uninsured, since the former are very much less liable to require state aid in poverty and support for widows, orphans, and the aged. In proportion as society advances the social duty of providing against the financial consequences of the uncertainty of life through insurance becomes more generally recognized, until the duty of insurance has become accepted as a universal principle of right conduct in the relation of the individual to society throughout the civilized world.

When the civilized world came to believe that education was morally obligatory it was enforced by compulsory school laws, and facilities were provided to make obedience possible. The logic of the citation leads straight to obligatory measures for insurance of all wage-earners against loss of income by sickness, accident, invalidism, old age, unemployment, and death. Germany, whose example is cited by the author, first accepted this logic and acted on it. Other nations follow; with the United States moving slowly and reluctantly in the rear, kept back by an individualistic theory long since dead in morality and in business.

C. R. HENDERSON